

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

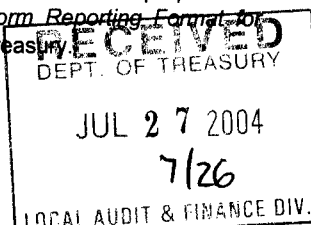
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name COE TOWNSHIP	County ISABELLA
Audit Date 3/31/04	Opinion Date 5/25/04	Date Accountant Report Submitted to State: 7/25/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

ROSLUND, PRESTAGE & CO., PC, CPA'S

Street Address

308 GRATIOT AVENUE

City

ALMA

State

MI

ZIP

48801

Accountant Signature

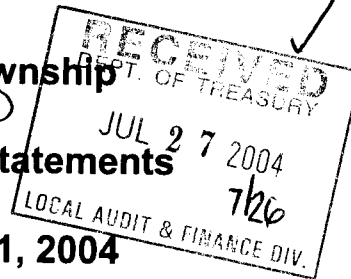
Chad R. Payton, CPA

Date

7/25/04

Coe Township
(Isabella)
Financial Statements

March 31, 2004



Coe Township
Financial Statements
March 31, 2004

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Coe Township Board
March 31, 2004

Fred Schmidt

Supervisor

Mona Lou Randolph

Clerk

Teresa Meyer

Treasurer

Richard Feltman

Trustee

Jim Bush

Trustee



Independent Auditor's Report

Coe Township Board
Coe Township, Michigan

We have audited the accompanying financial statements of Coe Township as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of Coe Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

As described in Note 1, the Township prepares its general fund financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, because the Township's policy to prepare its general fund financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coe Township as of March 31, 2004, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Coe Township as of March 31, 2004, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Coe Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2004 on our consideration of Coe Township's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Roslund, Prestage & Co, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

May 25, 2004

Coe Township
Combined Balance Sheet - All Fund Types And Account Groups
March 31, 2004

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
<u>Assets</u>	<u>General</u>	<u>Trust and Agency</u>	
Cash	<u>\$195,901</u>	<u>\$164</u>	<u>\$196,065</u>
<u>Liabilities And Fund Equity</u>			
Liabilities			
Accounts Payable	<u> </u>	<u>\$164</u>	<u>\$164</u>
Fund Equity			
Fund Balance - Unreserved	<u>\$195,901</u>	<u> </u>	<u>195,901</u>
Total Fund Equity	<u>195,901</u>	<u> </u>	<u>195,901</u>
Total Liabilities And Fund Equity	<u>\$195,901</u>	<u>\$164</u>	<u>\$196,065</u>

See Accompanying Notes to Financial Statements.

Coe Township
Statement Of Revenues Collected, Expenditures Paid
And Changes In Cash Basis Fund Balance
All Governmental Fund Types
Year Ended March 31, 2004

	<u>Governmental Fund Types</u>
	<u>General</u>
Revenues	
Taxes and Penalties	\$55,553
Licenses and Permits	2,280
State Grants	99,423
Charges For Services	33,522
Interest and Rentals	4,369
Other Revenues	<u>127</u>
Total Revenues	<u>195,274</u>
Expenditures	
Current	
Legislative	9,325
General Government	84,243
Public Safety	44,752
Public Works	42,856
Other Expenditures	<u>18,529</u>
Total Expenditures	<u>199,705</u>
Excess Of Revenues Over (Under) Expenditures	(4,431)
Fund Balance - April 1, 2003	<u>200,332</u>
Fund Balance - March 31, 2004	<u><u>\$195,901</u></u>

See Accompanying Notes to Financial Statements.

Coe Township
Statement Of Revenues Collected, Expenditures Paid
And Changes In Cash Basis Fund Balance - Budget And Actual
Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Variance
Revenues			
Taxes and Penalties	\$57,310	\$55,553	(\$1,757)
Licenses and Permits	1,200	2,280	1,080
State Grants	107,000	99,423	(7,577)
Charges For Services	40,360	33,522	(6,838)
Interest and Rentals	6,000	4,369	(1,631)
Other Revenues	1,000	127	(873)
Total Revenues	<u>212,870</u>	<u>195,274</u>	<u>(17,596)</u>
Expenditures			
Current			
Legislative	14,000	9,325	4,675
General Government	93,065	84,243	8,822
Public Safety	43,100	44,752	(1,652)
Public Works	43,605	42,856	749
Other Expenditures	19,200	18,529	671
Total Expenditures	<u>212,970</u>	<u>199,705</u>	<u>13,265</u>
Excess Of Revenues Over (Under) Expenditures	(100)	(4,431)	(4,331)
Fund Balance - April 1, 2003	<u>200,332</u>	<u>200,332</u>	
Fund Balance - March 31, 2004	<u>\$200,232</u>	<u>\$195,901</u>	<u>(\$4,331)</u>

See Accompanying Notes to Financial Statements.

Coe Township
Notes To Financial Statements
March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to generally accepted accounting principles with the exception of items noted in the Independent Auditor's Report. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity

The Township is governed by an elected five-member council. As required by generally accepted accounting principles, these financial statements present the Township and its component units. In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity."* In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

Joint Venture

The Township is a member of the Shepherd Tri-Township Fire Department, which is a joint venture of the Village of Shepherd, Coe Township, Chippewa Township, and Lincoln Township. All units are located in Isabella County. Each unit names two members and one alternate from its governmental body to serve as the Fire Department's Advisory Board. Under the arrangement, each unit bears its share of the costs according to a formula which considers total population and state equalized valuation of property. Annual contributions are based upon the approved budget.

The following financial information of the joint venture was obtained from the audited financial statements of the Shepherd Tri-Township Fire Department for the year ended November 30, 2003: (most recent audited data available):

Total Assets	\$1,939,234
Total Liabilities	-0-
Total Equity	1,939,234
Total Revenue	200,323
Total Expenditures	253,548
Change in Fund Balance	(53,226)

Complete financial statements of the Shepherd Tri-Township Fire Department can be obtained by writing Shepherd Tri-Township Fire Department, 8950 S. Crawford Road, Shepherd, Michigan 48883.

Coe Township
Notes To Financial Statements
March 31, 2004

Basis of Presentation

The accounts of the Township are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the government funds not recorded directly in those funds.

The Township has the following fund types and account groups:

Governmental Funds

General Fund – This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State aid, and charges for services to provide for the administration and operation of general local township departments. This fund includes the general operating expenditures of the Township.

Fiduciary Funds

Trust and Agency Funds – These funds account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and / or other funds. These funds include agency funds.

Account Groups

General Fixed Assets – This account group presents the fixed assets of the Township utilized in its operations, other than those fixed assets recorded in proprietary and trust funds. The Township has not maintained a record of its general fixed assets.

General Long-Term Debt – This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary and trust funds. The Township does not have any general long term debt.

Coe Township
Notes To Financial Statements
March 31, 2004

Measurement Focus / Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Township reports its Government fund types on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accounts receivable or accounts payable are not recognized in these financial statements.

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting and is used to account for assets that the Township holds for others in an agency capacity.

Inventories

Inventories, which are immaterial in amount, are not recognized as an asset in these financial statements. Inventories are recorded as expenditures at the time of purchase in the governmental fund type.

Property Taxes

Property taxes are levied on each December 1st on the state equalized valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th with the final collection date of February 28th before they are added to the county delinquent tax rolls.

The 2003 Taxable Valuation of the Township totaled \$55,989,072, on which .9653 mills were levied for the Township's operating purposes.

The total 2003 levy for the Township was \$54,046.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Coe Township
Notes To Financial Statements
March 31, 2004

Fixed Assets

Fixed assets are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., road, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

The Township has not maintained a record of its general fixed assets.

Long-term Obligations

The Township reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. As of the balance sheet date, the Township does not have any long-term debt.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Coe Township
Notes To Financial Statements
March 31, 2004

Memorandum Only-Total Columns

Total columns on the financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Inter-fund eliminations have not been made in the aggregation of this data.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the cash basis of accounting and at the function level.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. Budget appropriations lapse at the end of each fiscal year.
8. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Coe Township
Notes To Financial Statements
March 31, 2004

Excess of Expenditures over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of the Township for these budgeted funds were adopted to the functional level. During the year ended March 31, 2004, the Township incurred expenditures in excess of the amounts appropriated, as shown on page 3 of these financial statements.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated two banks for the deposit of local unit funds.

The Township's deposits are in accordance with statutory authority.

At March 31, 2004, the carrying amount of the Township's cash and cash equivalents was \$196,065 as follows:

Cash Deposits	\$96,065
Certificate of Deposit	100,000
Total	\$196,065

At year end, the carrying amount of the Township's cash deposits and certificate of deposits was \$196,065, and the bank balance was \$198,276. Of the bank balance, \$198,276 was covered by federal depository insurance and \$-0- was uninsured and uncollateralized.

Coe Township
Notes To Financial Statements
March 31, 2004

Risk Management

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Township has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Employees Retirement System – Defined Contribution Pension Plan

Coe Township participates in the Manulife Financial Defined Contribution Pension Plan For Michigan Township Employees. The name of the plan is the Township of Coe Group Pension Plan.

All members of the Township Board and all Township Employees are eligible to participate in the plan. As of March 31, 2004, the pension plan's current membership was 5 employees.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined. The amounts participants receive depend solely on the amounts contributed to the participant's account and the returns earned on those contributions.

Employer contributions for each participant will be 20% of compensation. There are no employee contributions to this plan.

Benefits are 100% vested upon plan participation.

During the year, the Township's actual contributions to the plan amounted to \$8,639.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

Coe Township
Notes To Financial Statements
March 31, 2004

Building Inspection Department Fund

Public Act 245 of 1999 was signed on December 28, 1999 and took immediate effect. This act amends the State Construction Code Act (Public Act 230 of 1972) and requires, among other things, the establishment of a special revenue fund to account for the revenues and expenditures associated with issuing building permits, examining plans and specifications, inspecting construction before issuing permits, and issuing certificates of use and occupancy.

The Township has not established this fund because the fee structure is not intended to recover the full cost and the Township has the ability to tract the full cost and revenues of this activity without creating a separate fund.

The revenues generated under this act for the year ended March 31, 2004 were \$2,280. The expenditures incurred for this activity during the year ended March 31, 2004 were \$5,701.

Coe Township
Tax Collection Agency Fund
Statement Of Changes In
Assets And Liabilities
Year Ended March 31, 2004

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
<u>Assets</u>				
Cash	\$445	\$1,147,310	\$1,147,591	\$164
Total Assets	<u>\$445</u>	<u>\$1,147,310</u>	<u>\$1,147,591</u>	<u>\$164</u>
<u>Liabilities</u>				
Due to Townships		\$66,191	\$66,191	
Due to Schools		376,018	376,018	
Due to County		665,802	665,802	
Other Liabilities	\$445	39,299	39,580	\$164
Total Liabilities	<u>\$445</u>	<u>\$1,147,310</u>	<u>\$1,147,591</u>	<u>\$164</u>

See Accompanying Notes to Financial Statements.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board
Coe Township, Michigan

We have audited the financial statements of Coe Township as of and for the year ended March 31, 2004, and have issued our report thereon dated May 25, 2004, which was qualified because the financial statements are prepared on the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coe Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coe Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

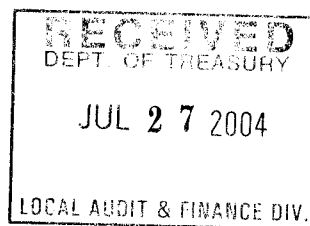
We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Coe Township, in a separate letter dated May 25, 2004.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Roslund, Prestage & Co., P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

May 25, 2004



Management Letter

Members of the Board
Coe Township
Shepherd, Michigan

In planning and performing our audit of the financial statements of Coe Township for the fiscal year ended March 31, 2004, we considered the internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our audit report dated May 25, 2004 on the financial statements of Coe Township.

We will review the status of these comments during our next audit engagement. We have discussed these comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience.

Sincerely,

Roslund, Prestage & Co., P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

May 25, 2004

Evaluate Existing Accounting Records

The Township's general ledger, cash disbursements and cash receipts are all maintained with manual, hand written records. We recommend the Township evaluate and purchase a computerized accounting program that includes the following modules: general ledger, cash disbursements, cash receipts, and payroll.

When evaluating various software programs, the Township should focus on ensuring that the financial systems maximize the productivity of its accounting staff and meet the future needs of management.

We would be pleased to assist the Township in selecting an appropriate system.

Organizational Structure

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Township Board remains involved in the financial affairs of the Township to provide oversight and independent review functions.

Zoning Permits

We recommend Coe Township consider the purchase and use of pre-numbered, carbon copied zoning permits. One of the permit carbon copies would be filed at the Township hall.

GASB No. 34

On June 10, 1999, the GASB unanimously approved the issuance of GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This Statement will have a significant impact on the way state and local governments report their finances to the public.

GASB No. 34 establishes new requirements for the annual financial reports of state and local governments. The basic financial statements and required supplementary information for general-purpose governments will include Management's discussion and analysis (MD&A). The MD&A is a narrative report prepared in an easy-to-read format by the financial manager. It should introduce the basic financial statements; provide an analytical over-view of the financial activities for the year based on the financial manager's knowledge of the transactions, events, and conditions reflected in the financial report and the fiscal policies that control the government's operations. Use of charts, tables, and graphs is encouraged.

In addition to the MD&A, full accrual accounting will also be required, which includes depreciation and capitalization of fixed assets. A substantial amount of time by management of Coe Township will be required to implement GASB No. 34.

The requirements of this GASB Statement are effective in three phases based on the total annual revenues of the government. For Coe Township, the effective implementation date must begin on April 1, 2004.

We would be pleased to assist you with implementing GASB No. 34.